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THE DIRECTOR OF CENTRAL INTELLIGENCE

WASHINGTON, D.C. 20505

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21 January 1982

National Intelligence Council

MEMORANDUM FOR: Director of Central Intelligence
Deputy Director of Central Intelligence

THROUGH: National Intelligence Officer for Warning

FROM: 25X1
Acting National Intelligence Officer for
Western Europe

SUBJECT: Monthly Warning Assessment: Western Europe

WE-Poland

1. The effort to achieve European actions "parallel" to those of the US against Poland and the Soviet Union will be a prolonged one--despite the unity of views reflected in the NATO declaration--and may increasingly depend on better definition by the US, in consultations with the Allies, of what sanctions are intended to accomplish.

2. Even while restricting new credits and subsidies to Poland and making firm denunciations of Moscow's role and the violation of human rights in Poland, most European governments remain skeptical of the usefulness of economic sanctions. The Europeans are not optimistic about progress toward lifting martial law in Poland, but will be reluctant to implement anti-Soviet sanctions until the situation deteriorates further. They will in the meantime be willing to discuss possible sanctions; cancellation of the gas pipeline, however, will remain taboo. Europeans still point to the lack of US willingness to embargo grain to the Soviet Union as justifying their own opposition to imposing economically costly sanctions.

3. European concern is rising over the absence of agreed criteria either for measuring movement towards liberalization in Poland or for determining when more serious Western measures against Poland or the Soviet Union might be applied. This problem is likely to grow as discussions in NATO and the EC get down to specific sanction possibilities.

4. West Germany is more and more aware of American and European mistrust, at least at popular levels, of its Eastern policies. This has

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contributed to firmer German government positions on Poland, but is also adding to pressures on Schmidt from the opposition, on one side, and, on the other, from the left of his own party. The US may increasingly be solicited by the opposition to state positions it can use to generate criticism of the government, and by Schmidt to express understanding for Bonn's policy.

Italy

5. Socialist leader Craxi--eyes still set firmly on the prime ministership--wants early elections in order to take advantage of the relative popularity the Socialists believe they now enjoy with Italian voters. Craxi has nevertheless reportedly agreed with Prime Minister Spadolini that the government's financial legislation should be allowed to pass before a "guided political crisis" is attempted. This could postpone the downfall of Spadolini's regime at least until early spring, but Craxi would still face the problem of how to gain from a crisis without being held responsible for provoking early elections--opposed by the popular Italian Socialist President, Pertini. The outcome of all this maneuvering is far from certain. Given the profound antipathy to Craxi within the Christian Democratic party, however, some rapprochement between the CD and the Italian Communists in order to defeat Craxi's ambitions cannot be excluded.

Greece-Turkey

6. Public charges and countercharges between Athens and Ankara have diminished in recent weeks and neither government seems intent on provoking hostilities over Cyprus or Aegean disputes. Tension will continue, however, if only because Prime Minister Papandreu will constantly be tempted to exploit Greek-Turkish issues to garner domestic support and keep alive Greek demands on NATO and the US. Thus the chance of miscalculation or escalation of a local incident leading to explicit confrontation will persist. NATO, meanwhile, could be faced with a political imbroglio if Greece chooses to use that forum to respond to a recent Turkish request to "clarify" the Rogers Plan--the 1980 agreement, never fully implemented, defining the preconditions of Greece's return to NATO's military structure. Frustrated by Greece's refusal to negotiate bilaterally, Ankara has chosen a potentially risky course to remove the ambiguities over command and control arrangements between Greece and Turkey in the Aegean.

France-Nicaragua

7. Paris' recently announced arms sales to Nicaragua respond both to Socialist ideology of favoring "progressive" revolutionaries and to the firmly held belief of Mitterrand that third-world regimes should be offered an "alternative" to reliance on Communist support. While the French probably

SECRET

SECRET

believe their strong anti-Soviet stance on East-West issues will prevent the US from getting too upset about French demonstrations of independence in Central America, Paris also believes such actions ultimately serve Western--including US--interests. French officials have nevertheless been somewhat defensive, acknowledging that the sales are risky for French diplomacy, since the intended distancing between the Sandinistas and Cuba and the Soviet Union may never occur. Moreover, other Socialists, in Europe as well as Latin America, may not appreciate French military support to the Nicaraguan regime. Paris may thus for now want to digest reactions to the Nicaraguan deal, but the possibility of future sales cannot be dismissed.

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